

FISCAL NOTE

Bill #: HB0497

Title: Revise apprentice to journey ratios for plumbers and electricians

Primary

Sponsor: William Price

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	63,951	77,592
Revenue:		
General Fund	0	0
Net Impact on General Fund Balance:	(\$63,951)	(\$77,592)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS

1. Industry practice has identified the apprentice/journeymen ratios as one apprentice for the first journeyman in a shop, and additional apprentices in a shop are matched by three journeymen. This ratio is shown as 1:1, 1:3. HB 497 would reduce the number of journeymen needed for a second apprentice (and all additional apprentices thereafter in each shop) from three to two.
2. Based on contacts with current electrical and plumbing apprentice employer sponsors, there would an increase of 20% above the existing growth in registered apprenticeships for electrical and plumbing during FY 2002.

3. Using 10 years of the registered apprenticeship and training program data, the number of registered electrical and plumbing apprentices grows by about 12% per year.
4. On December 31, 2000, the total of electrical and plumbing registered apprentices was 533 (297 electrical and 236 plumbing). With the anticipated growth rate of apprentices in the electrical and plumbing industries, the department anticipates the number to increase to 704 in FY 2002 ($533 * 1.32$). FY 2003 total apprentices will increase to 788 ($704 * 1.12$).
5. Four FTE currently support the registered apprenticeship and training program of 990 apprentices (53 different apprentice occupations, of which electrical and plumbing are included) with 375 independent employer sponsors and 300 union affiliated sponsors. A 1.00 FTE program officer (grade 14) would be needed to carry out the increase in number of new registered apprentices.
6. The State of Montana has historically been offsetting the costs related to 39-6-106(c), MCA, a training recommendation of 144 training hours for apprentices. Base funding for training-related instruction is \$140,000 general fund for each year of the biennium.
7. Maintaining that same level of support for training (\$6.91/hour for instructor co-payment) and the same level of support for correspondence courses (\$67/per course/per apprentice), the department would need an additional \$20,322 for training related instruction in FY 2002 and \$35,764 in FY 2003.

FISCAL IMPACT:

	FY2002 <u>Difference</u>	FY2003 <u>Difference</u>
FTE	1.00	1.00
<u>Expenditures:</u>		
Personal Services	34,329	35,496
Operating Expenses	9,300	6,332
Benefits	<u>20,322</u>	<u>35,764</u>
TOTAL	\$63,951	\$77,592
<u>Funding:</u>		
General Fund (01)	\$63,951	\$77,592
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$63,951)	(\$77,592)

TECHNICAL NOTES:

1. Section 1 (2)(a) would not allow small shops (one license journeyman) the ability to hire and train apprentices in both the electrical and plumbing trades as is the current custom.